

Report to Cabinet

23 February 2022

Subject:	Capital Investment Proposal – Housing for Young People
Cabinet Member:	Cabinet Member for Housing, Councillor Zahoor Ahmed
Director:	Director of Housing, Gillian Douglas
Key Decision:	Yes, spend over £250k
Contact Officer:	Nigel Collumbell, Service Manager Housing Management, nigel_collumbell@sandwell.gov.uk Alan Martin, Housing Programmes and Partnerships Manager, alan_martin@sandwell.gov.uk

1. Recommendations:



- 1.1 That, subject to negotiation of a suitable agreement in accordance with 1.2 below on terms to be agreed by the Director of Housing, approval be given to allocate £666,734 from the commuted sum pot of money (derived from Section 106 Agreements), as a contribution towards the refurbishment of 3 low rise blocks at Hallam Close, West Bromwich for the provision of 54 one-bedroom affordable rented apartments for young people. The project is conditional on planning consent being secured.
- 1.2 That the Director of Housing be authorised to negotiate a suitable agreement with St Basils, a registered provider of social housing, for the management and maintenance of these apartments by St Basils, to include 100% nomination rights for Sandwell Council.
- 1.3 That the Director of Law & Governance be authorised to execute (under seal if necessary) the agreement negotiated by the Director of Housing, and any ancillary documentation to secure the Council's contribution to, and rights in respect of the development.



2. Purpose of Report

- 2.1. The purpose of the report is to seek agreement to the allocation of £666,734 of commuted sum monies (derived from Affordable Housing Section 106 Agreements) as a capital contribution towards the refurbishment of 3 existing but unused residential apartment blocks near the site of Sandwell General Hospital in West Bromwich. The refurbished buildings will provide 54 self-contained affordable apartments to help prevent and relieve homelessness affecting young people in Sandwell. The Council would act as the catalyst for bringing 54 additional affordable homes in to use and can secure 100% nomination rights to these properties for an investment contribution of only £12,347 per home.
- 2.2. The intended recipient of this investment, St Basils (a Registered Provider, Number H3994), would be required to enter into a suitable agreement with the Council to ensure that the allocation of the funding is in accordance with the specified purpose of the Section 106 Agreements and will meet the relevant legal requirements. The scheme would be phase 2 of the development of the project, phase 1 having opened in 2015 with 32 shared apartments.

3. How does this deliver objectives of the Corporate Plan?

	<p>Best start in life for children and young people</p> <p>The flats will provide a stable home for young people who would not otherwise be able to afford their own home and sustain their employment while living independently. The housing will be managed by St Basils, a nationally recognised and unique organisation focussed on tackling youth homelessness. There will also be the opportunity to commission some of the units for care experienced young people to whom we have corporate parent responsibilities and who need a stable home with support on site.</p>
	<p>Quality homes in thriving neighbourhoods</p> <p>The 54 flats will provide additional homes targeted at young people who are homeless or at risk of homelessness and who would otherwise not be able to continue working or taking up an apprenticeship. The flats will provide a stable home to enable young people to thrive and progress in their employment and their lives generally.</p>





A strong and inclusive economy

The St Basils model is unique in that rents are deflated to enable young people to sustain employment without any recourse to benefit top up. The rent plus service charge together are the below the Local Housing Allowance rate for the Black Country Broad Market Rental Area.

4. Background

- 4.1 The 3 buildings in question were previously used as accommodation for NHS staff and have been vacant long term. They are in relatively poor condition. They are in the ownership of Sandwell and West Birmingham NHS Trust which runs the hospital. The proposal is that St Basils secure a long lease (30 years with an option to extend) on the buildings at a 'peppercorn' rent and use the buildings to provide accommodation for young people in housing need (aged 16 to 24 years) to enable them to live and work or participate in education/training at a truly affordable rent. It would also be possible to commission some of the units as accommodation with support e.g. for care experienced young people, including 16- and 17-year olds. This will require an ongoing revenue budget and will be considered within the project.
- 4.2 Phase 1 of the scheme has proven to be ground-breaking, winning 2 national Housing awards, and is nationally recognised as being unique in concept. Phase 1 was completed in 2015 and was officially opened by the Duke of Cambridge, hosted by the Mayor of Sandwell. It provides 8 student-type shared four-bedroom flats for 32 young people at risk of homelessness. The uniqueness of the scheme is that the rents are deflated below benefit triggers and so young people can live and work, including taking up apprenticeships, and be benefit free. Since inception, some 120 young people have lived in the scheme, and none have suffered repeat homelessness. Independent evaluation of phase 1 shows that for every £1 invested in the scheme, including pro bono contributions, there is a £14 return to the public purse over 10 years. No funding was required from Sandwell Council for phase 1.
- 4.3 St Basils have created the model to enable young people without family support to move into entry level employment or apprenticeships without requiring dual navigation of the benefit system. The Live and Work scheme enables young people to live, work, earn and learn and to have a safe, affordable housing offer which facilitates that. For the least



experienced citizens, the level of complexity in navigating fluctuating low income and benefits (universal credit) needs to be reduced, not increased, if we are keen for them to find and keep employment. If it takes a village to bring up a child, then the St Basils model considers what the wider community can offer as a contemporary universal family. St Basils want to ensure that it is possible for all young people, not just those with access to 'Bank of Mum and Dad', to learn, develop, build relationships, take up apprenticeships and entry level work, pursue their dreams and make mistakes, in a safe way. In the long term, it provides benefits for young people, families, the community, society, and the State.

- 4.4 Phase 2, referred to as the 'Youth Village, Live and Work Hallam Close Phase 2' is where capital funding is required for the provision of 54 self-contained 1-bedroom flats. The capital investment will be used to refurbish the apartments to the decent homes standard, ready for young people to move in. The scheme would provide move-on accommodation for young people from phase 1 as they progress, and their income increases. It would also provide an offer of accommodation for young people who are working but where their work is at risk because of their housing situation. It would also provide move-on for young people from commissioned supported housing as they secure employment. Never has the link between truly affordable housing and employment been more important for young people.
- 4.5 Sandwell would secure priority referral and nominations into the scheme by making the capital investment. No revenue funding is sought. Should the Council at a later stage wish to consider young people with additional support needs, this would require commissioned support and re-designation of several the properties for this purpose. St Basils are willing to keep this option open to the council.
- 4.6 Capital funding for this project has already been secured by St Basils from charitable donations including corporate funders and a commitment of 59% grant funding from Homes England directly to St Basils. This level of grant from Homes England is unusually high and has been secured because of the specialist nature of the scheme and St Basils' track record in tackling youth homelessness. The total cost for phase 2, is £2,398,266. Details of the grant funding are shown in the table below:



For the refurbishment of 3 residential blocks (total 54 units)	Cost £	Funding £
Capital Cost Refurbishment costs – bringing 54 units in to use (currently derelict)	£2,398,266.83	
Funding Homes England- Grant- CONFIRMED		£1,410,143.63
Corporate Funders Edward Cadbury Trust- in the bank Garfield Weston		£50,000.00 £100,000.00
Land Aid raised		£171,389.02
Total to Date		£1,731,532.65
Gap		£666,734.18
Total	£2,398,266.83	£2,398,266.83
Funding proposed by Sandwell Council		£666,734.18

4.7 As shown on the spread sheet above, the gap funding required is £666,734 which equates to £12,347 per home. St Basils' development partner Equans (formerly Engie) have held prices for some considerable time as the funding package has been worked on and progress is now critical to avoid cost increases. The scheme will bring back into use semi-derelict buildings as affordable housing, providing priority access for referrals from Sandwell Council for a period of at least 30 years. It will also open up options for more bespoke models to meet local needs in partnership with St Basils.



- 4.8 There is a significant need for suitable accommodation for single young people in Sandwell with demand for homelessness support and housing exceeding the supply of affordable accommodation. During 2020/21 the Housing Solutions service helped 732 young people aged 24 and under with a threat of homelessness through either prevention activity or in relieving their homelessness. Of the total demand in the year, 271 went on to receive a statutory homelessness duty and 125 of those young people needed help to source alternative accommodation. Whilst this scheme is not commissioned supported accommodation, it is considered to be 'supportive' accommodation. St Basils will provide on-site bespoke housing management assisting the young people to maintain their tenancies. Young people pay their own council tax, utilities and service charges (kept to a minimum). If the Youth Hub model outlined below is implemented, there can be multi-agency staff co-located and this could include access to specialist support.
- 4.9 We currently have 386 single young people aged 16-24 years on the housing register with waiting times across the register averaging 1 year and 9 months. There is a clear demand for increased supply for this cohort.
- 4.10 Crisis carried out research into the cost of both homelessness in general and of rough sleeping and its impact on public spending. Their research suggested that every case of homelessness prevented has a saving to public sector finances of around £9,250 over the course of 12 months. Their research further estimated that rough sleeping costs ran to £20,128 per year per case.
- 4.11 Assuming the estimates above, the potential public sector savings of preventing the 125 cases of homelessness through suitable support and accommodation would equate to £1.156m. This would increase should any of the young people have slept rough as a result of becoming homeless.
- 4.12 Whilst overall demand for accommodation is an issue for young people, the provision for people aged 16 and 17 years old who choose not to become looked after children is a particularly difficult cohort to accommodate safely and appropriately. During 2020/21 the service supported 48 young people aged 16 and 17 years old with 9 of the young people requiring longer term supported accommodation due to inadequate or insufficient provision in the sector. Although the target



group at Hallam Close is more likely to be 18-24 year olds the apartment will provide a move on option for 16 and 17 year olds once they leave supported accommodation and where young people are not able to return to their family homes.

- 4.13 Based on the estimated costs of homelessness, the provision of 54 new units per year to young people at risk of or already homeless would save in the region of £0.500m per year. This goes some way to further support the 14:1 return on investment figure quoted in the phase 1 evaluation. The scheme would ensure that young people who have employment or an employment option would not have to lose this option because of their housing situation. The tenancies are not time-limited but would be available for young people to enable them to stabilise and focus on their employment, choosing to move on when they are ready to, or when they have a changing housing need. This is very different from a commissioned supported housing model and brings stability both to the area and the young people.
- 4.14 Outside of the financial benefits to the proposed model, the Housing Solutions Service and Children's Trust are working on a Youth Hub model for homelessness that would see a whole end to end system design for young people in need of support. The developing model will look to reshape the housing and support pathway for young people with a range of housing options to support their changing need and progression in life.
- 4.15 The Youth Hub will be looking to bring together homelessness assessment, the provision of interim emergency accommodation, medium-term supported accommodation and move on accommodation where young people secure work and become more independent. The design would look to reduce dependency on support as we transition people through the housing and support pathway. St Basils have offered to locate a Youth Hub in phase 1 of the Live and Work scheme, should phase 2 be able to proceed. DWP have also been talking with St Basils about the possibility of DWP employment support being co-located. This would provide a ground-breaking community Hub where housing options and solutions, linked with employment support could be combined for young people. The addition of both the Phase 2 proposals for Hallam Close and joint working and codesign with St Basils will speed up the development of the new pathway and bring in much needed expertise in the support of young people experiencing homelessness. Revenue funding would need to be allocated alongside the capital proposed in this



business case, potentially from homelessness grant, to ensure the Youth Hub is effectively resourced. This would need to be the subject of a separate business case.

5. Implications

<p>Resources:</p>	<p>Capital funding of £666,734 from the S106 pot. As at 14 October 2021 the amount of uncommitted commuted sum monies held within the Housing Commuted Sum Account was £1,882,627. The council's contribution amounts to 28% of the total capital cost of the project and represents value for money in that 72% of the funding secured comes from other sources including corporate funders that the council would not be able to access directly, as a local authority.</p> <p>Sandwell Council's investment is a one-off investment. Responsibility for housing management and asset management and maintenance costs lies with St Basils.</p>
<p>Legal and Governance:</p>	<p>A suitable agreement between SMBC and St Basils to be drawn up that sets out the terms on which the capital investment is made and the nominations rights of the council.</p> <p>The use of commuted sum monies as a contribution towards the provision of affordable homes is in accordance with the Section 106 Agreements between the Council and developers relating to the off-site provision of affordable housing.</p> <p>The proposal is in accordance with the Council's adopted Planning Obligation Document SPD (August 2015) in the use of commuted sum monies for the provision of affordable housing.</p>
<p>Risk:</p>	<p>The agreement between the council and St Basils will address risks re placement of individual young people and the mix of young people accommodated. St Basils will hold housing management responsibilities, void costs, repairs and maintenance and rent collection responsibilities. As a registered provider, St Basils is accountable to the Regulator for</p>



	<p>Social Housing and standards that apply to social housing, including rent setting requirements.</p> <p>We will look to register a charge on St Basils' lease to mitigate the risk to the council's investment if the lease between the Trust and S Basils were to end prematurely.</p> <p>We will seek to set up a Partnership Board between Housing and St Basils as part of the agreement in order to monitor nominations and allocations. It is expected this Board would meet a minimum of once or twice a year but may meet more frequently during the early stages of the agreement.</p>
Equality:	<p>Young people nominated will be those in housing need that have greatest priority for accommodation of this type but who do not require supported accommodation. Equalities monitoring will be carried out to ensure fair access and positive outcomes for young people. St Basils has a track record of delivering young person-centred services and of working with diverse groups of young people.</p>
Health and Wellbeing:	<p>A housing offer that provides a foundation for young people who would otherwise be at ongoing risk of homelessness, living in shared or supported accommodation or who would not be able to access/sustain employment because of the prohibitive cost of housing relative to income.</p>
Social Value	<p>The housing will allow Sandwell young people to stay in Sandwell, where their networks and services are and within travelling distance of their employment/training.</p>

6. Appendices

None

7. Background Papers

None

